



## Iowa Veterans Home

The Iowa Veterans Home was established in 1887 as the Iowa Soldiers Home and, at that time, had a capacity of 200 beds. Originally, the Home was used as a location for displaced veterans of the Civil War. The site was purchased for \$75,000 and the annual operating cost was \$25,000.

In the 1890s, the initial infirmary was constructed for \$38,250. Additional space was added in 1896, 1923, 1959, and 1969. The most recent buildings were completed in 1978 and 1981. The Home is situated on 137 acres in Marshalltown.

### Current

The Iowa Veterans Home currently provides two types of care: Domiciliary (Residential) and Nursing (Skilled). Until 57 beds were removed due to a declining census and staff budgetary issues, there were a total of 756 beds. As of July 2010, 699 beds were available. The Home provided 252,606 days of care in FY 2010, a decline of nearly 9,000 days since FY 2008. Those eligible for admission include an honorably discharged veteran and/or their spouse. Financial status is not considered for admission. Payments toward the cost of care may be based on a person's available resources.

### Funding

Prior to FY 2003, the Iowa Veterans Home received appropriations from the State General Fund for all operational costs. Outside revenues generated or reimbursed to the Home were deposited in the State General Fund. Beginning in FY 2003, the Iowa Veterans Home converted to "net budgeting." The State provides an appropriation to meet the balance of expenditures after outside revenues are deducted.

For FY 2011, the total budget for the Iowa Veterans Home is \$74.8 million. This includes \$9.6 million from the State General Fund, an estimated \$26.0 million from Medicaid, \$15.0 million from resident support, \$18.2 million from the federal Veterans Administration reimbursement, and \$4.0 million in other billings. The Veterans Home utilizes 832.43 FTE positions. Beginning in FY 2003, the Home was permitted to retain carryforward funds for cash-flow purposes due to the net budgeting methodology.

### Master Plan and Construction

In FY 2008, the home approved a Master Plan for a \$100.0 million construction expansion to be completed in four phases. The Home anticipated that 65.0% of the cost would be provided by the federal Veterans Administration and 35.0% would be provided by the State.

In FY 2006, the Home received permission to retain carryover funds that exceed the \$1.0 million previously authorized for cash flow purposes, to be used for the State match portion of the Master Plan cost. In addition, appropriations were made from the Endowment for Iowa's Health Restricted Capitals Fund (RC2) in FY 2007 and the Rebuild Iowa Infrastructure Fund in FY 2008. This resulted in \$17.0 million available for this match purpose. Necessary funding amounts changed periodically with cost estimate increases and less-than-predicted bid awards. At the completion of the Master Plan, total beds at the Iowa Veterans Home would decrease by 751 "practical beds" to 652 beds. This figure is within the estimate of a July 2007 needs study.

**Phase 1:** The federal Veterans Administration approved funding for 65.0% of the cost of Phase 1 in the spring of 2008. At the time of the approval, the total cost of Phase 1 was \$41.2 million, with \$26.8 million from federal funds and \$14.4 million of State match funds. Original construction dates were September 2008 to December 2010 and have been revised as the project proceeded. Once the federal Veterans Administration approves a project, the federal contribution increases are capped at 10.0%. Any future increases in Phase 1 would increase the State portion or will need to be offset by revisions in the construction plan.

In the fall of 2008, the Veterans Home indicated that construction costs had increased for Phase 1 of the Master Plan. This resulted in a revised cost for Phase 1 of \$45.3 million, a 10.0% increase. In October of 2008, the Home indicated that the cost had increased again, to \$46.3 million. The revised cost estimate includes removing two of the four 15-bed quadrants and one of the underground tunnels from the project, unless bids were less than expected. Bids were less than expected and the project proceeded. Weather-related construction delays and funding for staff will delay the opening from the substantial completion date from January 2011 to July 2011. Staffing level needs have yet to be determined for Phase 1.

### More Information

Iowa Veterans Home website: [www.ivh.iowa.gov](http://www.ivh.iowa.gov)

LSA Staff Contact: Sue Lerdal (515-281-7794) [sue.lerdal@legis.state.ia.us](mailto:sue.lerdal@legis.state.ia.us)

The original State portion increased from \$14.4 million to \$16.9 million down to \$15.6 million with the multiple Phase 1 cost changes.

The Veterans Home planned to fund the cost increases for Phase 1 from the \$2.6 million remainder in the construction account that was originally earmarked to complete the Deck Dayroom Expansion. With that no longer being necessary, the home plans to use \$1.2 million of those funds for the Deck Dayroom Expansion. That project is scheduled for completion in spring 2011 at a total cost of \$3.5 million, including federal and State funds.

Phase 1 includes the 60-bed Fox Pavilion and a 120-bed nursing home facility referred to as the Ulery Building.

**Phases 2, 3, and 4:** The cost of Phases 2, 3, and 4 was estimated at \$58.7 million at the time the Iowa General Assembly approved bonding of \$20.6 million in S.F. 2432 (FY 2009 Iowa Infrastructure Appropriations Act) for the State match of 35.0%.

State Treasurer Michael Fitzgerald announced on October 10, 2008, that all bonding approved in S.F. 2432 would be delayed until the national credit issues stabilize. Due to this delay, Phases 2, 3, and 4 were not eligible for the federal construction funds requested for FY 2009 since the construction match requires the availability of funding prior to approval.

Construction cost inflation and construction delays are inevitable. The original Master Plan had annual 4.0% to 6.0% increases included in the cost projections.

With enactment of S.F. 376 (Revenue Bonding and I-JOBS Programs Act), State funding for Phases 2, 3, and 4 was provided with \$22.6 million in Revenue Bonds Capital Funds that is expected to draw \$41.9 million in federal U.S. Department of Veterans Affairs funds. With this increase and the changes in funding for Phase 1, the Master Plan total has increased to \$109.1 million for the four phases.

The federal Veterans Affairs priority construction list released in early 2010 approved funding for all of the phases of the Iowa Veterans Home Master Plan. Bids will be issued November 23, 2010, and are due in late December for the planned \$20.5 million phase 2 (\$7.2 million of that being State funds from the \$22.6 million from bonding). Phase 2 includes the 60-bed Fleming Pavilion.

Expected conditional approval from the federal U.S. Department of Veterans Affairs is expected for phase 3, with the bid process set for February 2011 and construction to begin soon after the award of the bid. Phase 3 includes multiple remodeling projects and a new main entrance for the home. Total projected cost is \$18.7 million, with \$6.5 million from the \$22.6 million in bonding funds.

Phase 4 has been deferred by the home but will include an unnamed third 60-bed Pavilion for replacement of existing beds. Phase 4 is expected to cost a total of \$25.3 million, with \$8.9 million of that from the \$22.6 million in State bonding funds.

If the cost of Phases 2, 3, and 4 exceeds the included inflators, the federal Veterans Administration share of the increase will be capped at 10.0% of the approved amount, or \$6.4 million. The State's portion would increase by \$2.3 million under this scenario. Any increase beyond the federal limit of 10.0% would be 100.0% State responsibility.

The data in this document is current as of November 1, 2010. The construction project layout on the property at the Iowa Veterans Home is available at <http://ivh.iowa.gov/MasterPlan/tabid/148/Default.aspx>.